

## Message Text

UNCLASSIFIED

PAGE 01 CAIRO 13797 271422Z  
ACTION OPIC-06

INFO OCT-01 NEA-11 ISO-00 EB-08 /026 W  
-----006596 271429Z /50  
R 271419Z MAY 78  
FM AMEMBASSY CAIRO  
TO SECSTATE WASHDC 9658

UNCLAS CAIRO 13797

FOR OPIC

E.O. 11652: N/A  
TAGS: EINV, EG  
SUBJ: POLITICAL RISK CONVERTIBILITY INSURANCE

REF: STATE A-1699

1. SOME AMERICAN FIRMS IN EGYPT INDICATE THAT CONVERTING LOCAL CURRENCY INTO DOLLARS AT PARALLEL MARKET RATE AND OBTAINING APPROVAL FOR TRANSFER SOMETIMES TAKES MORE THAN 30 DAYS. DELAYS OCCUR BECAUSE OF TIME NECESSARY TO COMPLETE REQUIRED BUREAUCRATIC FORMALITIES AND OCCASIONALLY BECAUSE OF SHORTAGES IN PARALLEL MARKET FUNDS. MOST FIRMS HERE DO NOT, HOWEVER, CURRENTLY REGARD QUESTION OF CONVERTIBILITY AS A MAJOR PROBLEM.

2. RELATIVELY NEW FACTOR HERE IS CREATION OF "FREE MARKET" IN FOREIGN CURRENCY, ACCESS TO WHICH WAS ONLY RECENTLY SPECIFICALLY APPROVED FOR FIRMS OPERATING UNDER LAW 43, THE BASIC EGYPTIAN FOREIGN INVESTMENT STATUTE. THIS MARKET, WHICH HAS DEVELOPED AS RESULT OF CHANGES IN EGYPTIAN LAWS AND REGULATIONS, PERMITS FOREIGN EXCHANGE TO BE PURCHASED FOR POUNDS FROM HOLDERS OF FOREIGN CURRENCY ACCOUNTS WILLING TO ACCEPT THE POUNDS. THE RATE OF EXCHANGE CAN BE NEGOTIATED BETWEEN PARTIES.  
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INVESTMENT AUTHORITY HAS INDICATED IT EXPECTS FOREIGN INVESTORS WHO WILL NOT BE EXPORTING TO MEET THEIR FOREIGN EXCHANGE NEEDS THROUGH THIS SOURCE. MATTHEWS

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NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INSURANCE, CURRENCY CONTROLS, FOREIGN INVESTMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 may 1978  
**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 jan 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Review Markings:**  
Sheryl P. Walter  
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